

**HENRIEVILLE TOWN
FINANCIAL STATEMENTS
JUNE 30, 2006**

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Kimball & Roberts

Certified Public Accountants

A Professional Corporation

Box 663

Richfield, Utah 84701

Phone 896-6488

Honorable Mayor and Town Council
Henrieville Town
Henrieville, Utah 84736

We have compiled the accompanying financial statements of the governmental activities, business-type activities, each major fund and the aggregate remaining fund information of Henrieville Town as of and for the year ended June 30, 2006, which collectively comprise the Town's basic financial statements as listed in the table of contents, in accordance with *Statements on Standards for Accounting and Review Services* issued by the American Institute of Certified Public Accountants.

A compilation is limited to presenting in the form of financial statements information that is the representation of management. We have not audited or reviewed the accompanying financial statements and, accordingly, do not express an opinion, or any other form of assurance, on them.

The management's discussion and analysis and budgetary comparison information, on pages 4 through 13 and 38 through 40, are not a required part of the basic financial statements but are supplementary information required by the Governmental Accounting Standards Board. We have compiled the supplementary information from information that is the representation of management, without audit or review. Accordingly, we do not express an opinion or any other form of assurance on the supplementary information.



KIMBALL & ROBERTS, P. C.
Certified Public Accountants

Richfield, Utah
November 14, 2006

**HENRIEVILLE TOWN
MANAGEMENT'S DISCUSSION AND ANALYSIS
For The Year Ended June 30, 2006**

This discussion of Henrieville Town's financial performance provided an overview of the Town's financial activities for the year ending June 30, 2006. This report is in conjunction with the Town's financial statements.

The purpose of the Town is to provide general services to its residents which includes general government, public safety, highways and public improvements, culture and recreation.

Financial Highlights

- * The assets of the Town exceeded its liabilities as of the close of the most recent year by \$1,002,005 (net assets). Of this amount, \$60,909 (unrestricted net assets) which may be used to meet its ongoing obligations to citizens and creditors.
- * The government's total net assets increased by \$7,549. The revenues were less than the adopted budgeted amounts, and expenditures were less than the adopted budgeted amounts in the general fund.
- * At the close of the current year, the Town's governmental fund reported ending fund balance of \$107,014, an increase of \$7,304 in comparison with the prior year. Approximately 21 percent of of this total amount \$22,030, is available for spending at the government's discretion (unreserved fund balance).
- * At the end of the current year, unreserved fund balance for the general fund was \$22,030, or 44 percent of total general fund expenditures.
- * The Town's total debt increased by \$5,737 during the current year.

Overview of the Financial Statements

This discussion and analysis are intended to serve as an introduction to the Town's basic financial statements. The Town's basic financial statements comprise three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

Government-wide Financial Statements

The *government-wide financial statements* are designed to provide readers with a broad overview of the Town's finances, in a manner similar to a private sector business.

The *statement of net assets* presents information on all of the Town's assets and liabilities, with the difference between the two reported as net assets. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of the Town is improving or deteriorating.

The *statement of activities* presents information showing how the government's net assets changed during the most recent fiscal year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused vacation leave).

Both of the government-wide financial statements distinguish functions of the Town that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges. The governmental activities of the Town include general government, public safety, highways and public improvements, and culture and recreation. The business-type activity of the Town is the water operations.

Refer to the table of contents for the location of the government-wide financial statements.

Fund Financial Statements

A *fund* is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The Town, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the Town can be divided into two categories: governmental funds and enterprise funds.

Governmental Funds

Governmental funds are used to account for essentially the same functions reported as *governmental activities* in the government-wide financial statements. However, unlike the government-wide financial statement, governmental fund financial statements focus on *near-term inflows and outflows of spendable resources*, as well as on balance of spendable resources available at the end of the year. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for *governmental funds* with similar information presented for *governmental activities* in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditure, and changes in fund balances provide a reconciliation to facilitate this comparison between *governmental funds* and *governmental activities*.

Henrieville Town maintains one individual governmental fund. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the general fund.

The Town adopts an annual appropriated budget for its governmental fund. A budgetary comparison statement has been provided for the general fund to demonstrate compliance with those budgets.

Refer to the table of contents for the location of the basic governmental fund financial statements.

Proprietary Funds

Henrieville Town maintains one proprietary fund. *Enterprise funds* are used to report the same functions presented as *business-type activities* in the government-wide financial statements.

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide information for the water operations.

Refer to the table of contents for the location of the basic proprietary fund financial statements.

Notes To The Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes are part of the basic financial statements.

Other Information

In addition to the basic financial statements and accompanying notes, this report also presents certain *required supplementary information* concerning the Town.

Government-Wide Financial Analysis

As noted earlier, net assets may serve over time as a useful indicator of a government's financial position. In the case of Henrieville Town's, assets exceeded liabilities by \$1,002,005 at the close of the most recent fiscal year. By far the largest portion of the Town's net assets (81 percent) reflects its investment in capital assets (e.g. land, buildings, machinery, equipment and infrastructure), less any related debt used to acquire those assets that is still outstanding. The Town uses these capital assets to provide services to citizens; consequently, these assets are *not* available for future spending. Although the Town's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

A portion of the Town's net assets (13 percent) represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net assets, \$60,909, may be used to meet the government's ongoing obligations to citizens and creditors.

At the end of the year, the Town is able to report positive balances in all three categories of net assets, both for the government as a whole, as well as for its separate governmental and business-type activities.

Henrieville Town's Net Assets

	Governmental Activities		Business-Type Activities		Total	
	2006	2005	2006	2005	2006	2005
Current and Other Assets	107,014	99,710	84,639	87,552	191,653	187,262
Capital Assets	229,689	223,348	924,449	921,895	1,154,138	1,145,243
Total Assets	336,703	323,058	1,009,088	1,009,447	1,345,791	1,332,505
Long-Term Liabilities	15,535	-	308,712	323,439	324,247	323,439
Other Liabilities	4,849	-	14,690	14,610	19,539	14,610
Total Liabilities	20,384	-	323,402	338,049	343,786	338,049
Net Assets:						
Invested in Capital Assets						
Net of Related Debt	209,305	223,348	601,047	583,846	810,352	807,194
Restricted	84,984	73,600	45,760	47,895	130,744	121,495
Unrestricted	22,030	26,110	38,879	39,657	60,909	65,767
Total Net Assets	316,319	323,058	685,686	671,398	1,002,005	994,456

Governmental Activities

Governmental activities decreased Henrieville Town's net assets by \$6,739.

Henrieville Town Changes in Net Assets

	Governmental Activities		Business-Type Activities		Total	
	2006	2005	2006	2005	2006	2005
Revenues:						
Program Revenues:						
Charges for Services	4,597	1,214	31,030	35,856	35,627	37,070
Operating Grants	10,568	11,682	-	-	10,568	11,682
Capital Grants	-	-	7,000	72,646	7,000	72,646
General Revenues:						
Property Taxes	3,903	4,251	-	-	3,903	4,251
Sales Taxes	12,294	11,019	-	-	12,294	11,019
Fee-In Lieu	1,054	1,098	-	-	1,054	1,098
Unrestricted Investment Earnings	4,225	3,040	2,415	3,418	6,640	6,458
Total Revenues	36,641	32,304	40,445	111,920	77,086	144,224
Expenses:						
General Government	20,383	15,333	-	-	20,383	15,333
Public Safety	6,958	6,509	-	-	6,958	6,509
Highways and Public Improvements	11,947	13,304	-	-	11,947	13,304
Culture and Recreation	4,092	5,254	-	-	4,092	5,254
Water Operations	-	-	26,157	27,589	26,157	27,589
Total Expenses	43,380	40,400	26,157	27,589	69,537	67,989
Increase in Net Assets	(6,739)	(8,096)	14,288	84,331	7,549	76,235
Net Assets - Beginning	323,058	331,154	671,398	587,067	994,456	918,221
Net Assets - Ending	316,319	323,058	685,686	671,398	1,002,005	994,456

* The City received operating grants of \$10,568. Of this amount, \$8,328 was received for Class C Roads.

For the most part, increases in expenses closely paralleled inflation and growth in the demand for services.

Business-Type Activities

Business-type activities increased the Town's net assets by \$14,288. A capital grant of \$7,000 was received to help pay for a new water project, including a new tank, new water lines and if necessary, a new well.

- * The increase in the business-type activities costs for the water fund is attributed to the capital grant received.
- * Grant funds expended on construction for the water project at year end were \$12,671.
- * The depreciation in the enterprise funds remained the same as the prior year.

Financial Analysis of the Government's Funds

As noted earlier, the Town uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental Funds

The focus of the Town's *governmental funds* is to provide information on near-term inflows, outflows and balances of *spendable* resources. Such information is useful in assessing the Town's financing requirements. In particular *unreserved fund balance* may serve as a useful measure of a government's net resources available for spending at the end of the year.

At the end of the year, the Town's governmental fund (general fund) reported an ending fund balance of \$107,014, an increase of \$7,304 in comparison with the prior year. Approximately 21 percent of this amount, \$22,030, constitutes *unreserved fund balance*, which is available for spending at the government's discretion. The remainder of fund balance is *reserved* to indicate that it is not available for new spending because it has already been committed to highways and public improvements for \$84,984.

As a measure of the general fund's liquidity, it may be useful to compare both unreserved fund balance and total fund balance to total fund expenditures. Unreserved fund balance represents 44 percent of total general fund expenditures, while total fund balance represents 214 percent of that same amount.

Proprietary Funds

The Town's proprietary fund provides the same type of information found in the government-wide financial statements but in more detail.

Unrestricted net assets of the water fund at the end of the year were \$38,879. Other factors concerning the finances of these funds has already been addressed in the discussion of the Town's business-type activities.

General Fund Budgetary Highlights

There were no differences between the beginning and ending budgets.

Actual revenues were less than budgeted revenues by \$24,938 and actual expenditures were less than budgeted expenditures by \$31,963 resulting in a net increase in fund balance of \$7,304.

Capital Asset and Debt Administration

Capital Assets

Henrieville Town's investment in capital assets for its governmental activities as of June 30, 2006, was \$229,689 (net of accumulated depreciation). This investment in capital assets includes land, buildings, improvements other than buildings, equipment and infrastructure, which includes roads and highways. During the year the Town expended \$20,571 to construct a pavillion on the Town park.

Henrieville Town's Capital Assets - (net of depreciation)

	Governmental Activities		Business-Type Activities		Total	
	2006	2005	2006	2005	2006	2005
Land	43,820	43,820	-	-	43,820	43,820
Infrastructure	68,250	78,000	-	-	68,250	78,000
Buildings	112,119	95,528	-	-	112,119	95,528
Improvements Other than Buildings	-	-	325,214	335,131	325,214	335,131
Equipment	5,500	6,000	700	900	6,200	6,900
Construction in Progress	-	-	598,535	585,864	598,535	585,864
Total	229,689	223,348	924,449	921,895	1,154,138	1,145,243

Additional information on the Town's capital assets can be found in the notes to the financial statements.

Long -Term Debt

At the end of the current year, the Town's had total bonded debt outstanding of \$323,402. The debt represents bonds secured solely by specified revenue sources (i.e. revenue bonds). The Lease Purchase Agreement at year end had a balance of \$20,384.

Henrieville Town's Long-Term Debt

	Governmental Activities		Business-Type Activities		Total	
	2006	2005	2006	2005	2006	2005
Lease Purchase Agreement	20,384				20,384	
Revenue Bonds		-	323,402	338,049	323,402	338,049
	<u>20,384</u>		<u>323,402</u>	<u>338,049</u>	<u>343,786</u>	<u>338,049</u>

State statutes limit the amount of general obligation debt a governmental entity may issue which is 12 percent of its total fair market value of taxable property in the Town. The Town has no general obligation debt.

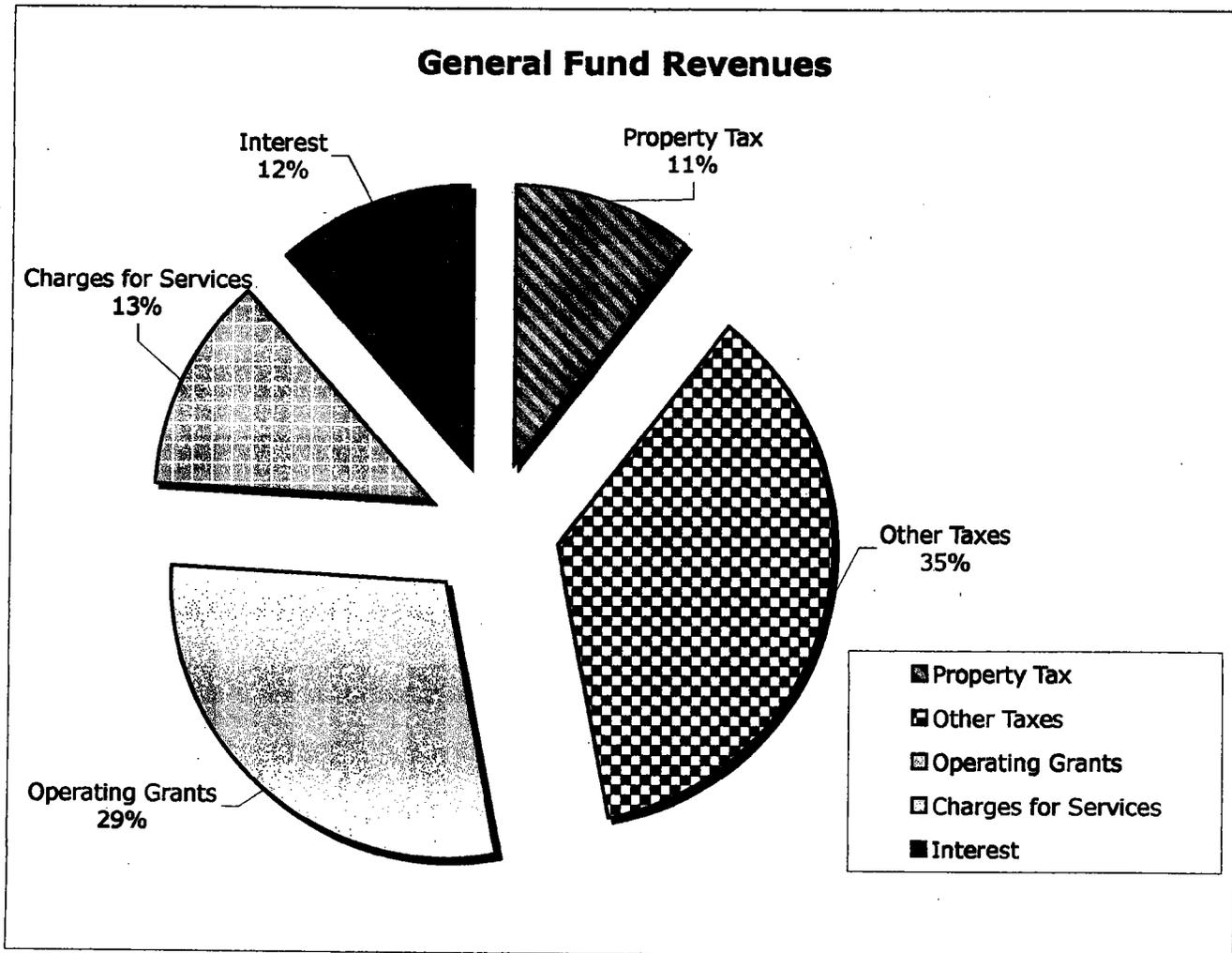
Additional information on Henrieville Town's long-term debt can be found in the notes of the financial statements.

Request for Information

This financial report is designed to provide a general overview of Henrieville Town's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Henrieville Town Clerk, P.O. Box 125, Henrieville, Utah, 84736.

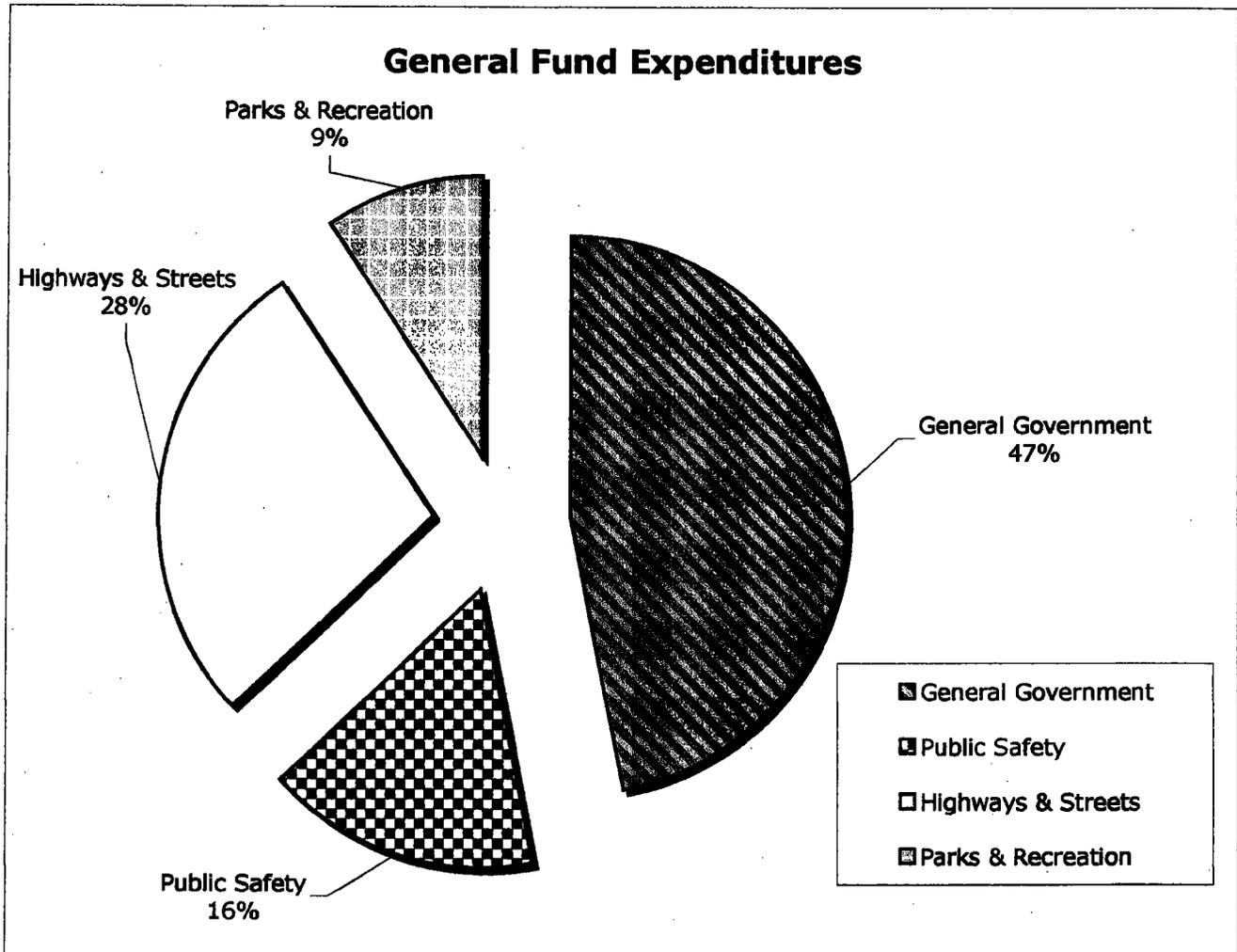
**Henrieville Town
General Fund Revenues
For The Fiscal Year Ended June 30, 2006**

Property Tax	3,903
Other Taxes	13,348
Operating Grants	10,568
Charges for Services	4,597
Interest	4,225
	<hr/>
Total	<u>36,641</u>



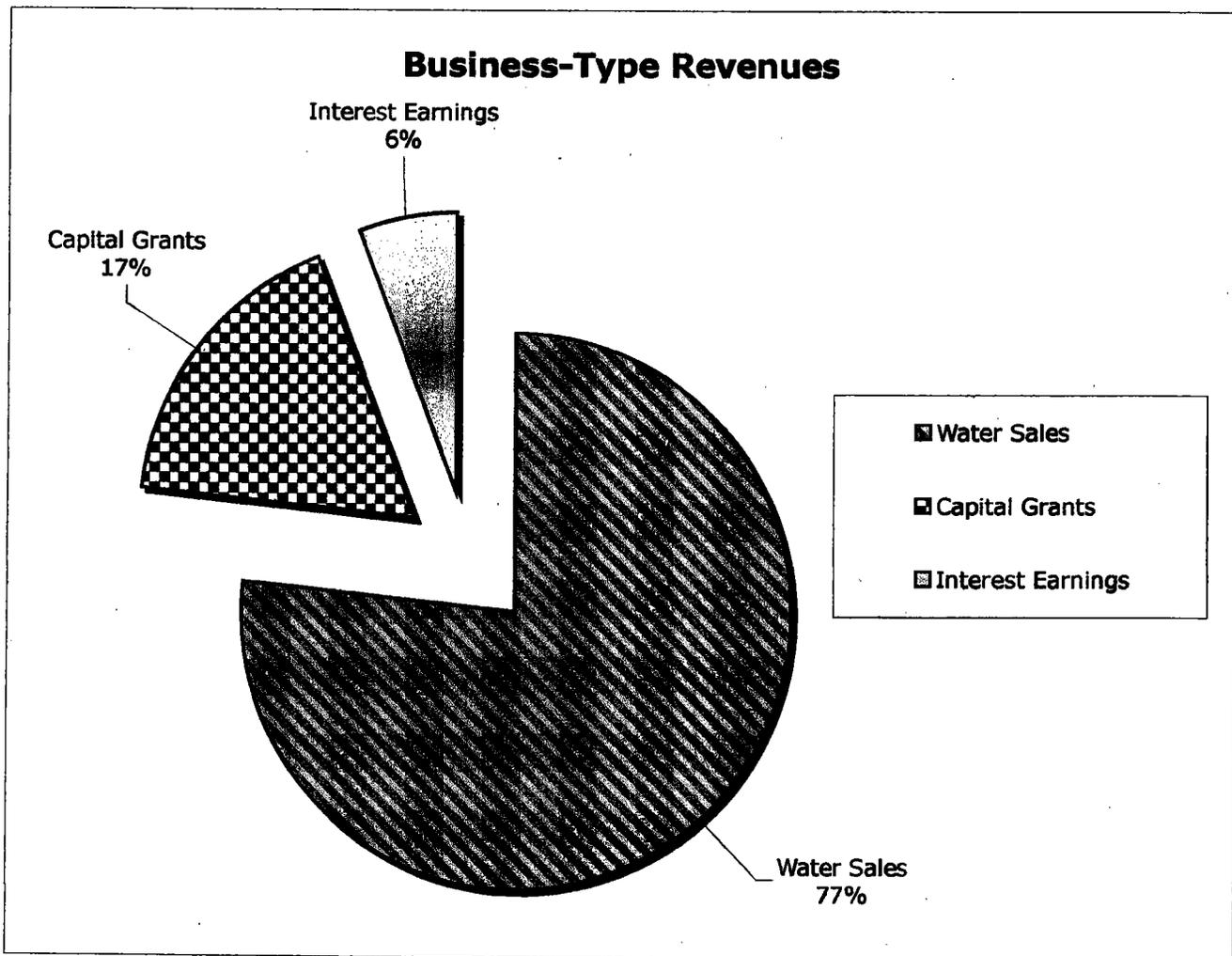
**Henrieville Town
General Fund Expenditures
For The Fiscal Year Ended June 30, 2006**

General Government	20,383
Public Safety	6,958
Highways & Streets	11,947
Parks & Recreation	<u>4,092</u>
 Total	 <u><u>43,380</u></u>



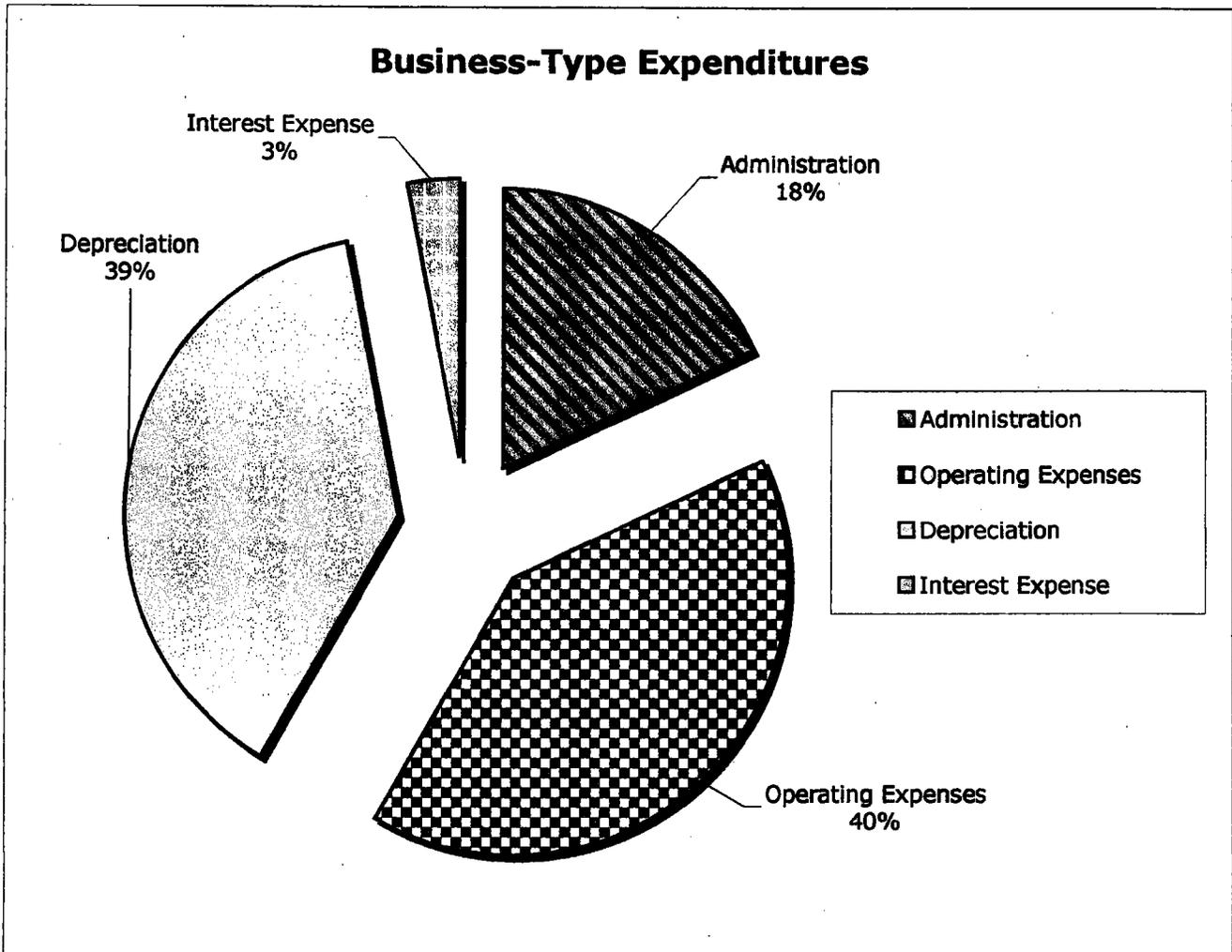
**Henrieville Town
Business -Type Revenues
For The Fiscal Year Ended June 30, 2006**

Water Sales	31,030
Capital Grants	7,000
Interest Earnings	<u>2,415</u>
Total	<u><u>40,445</u></u>



**Henrieville Town
Business-Type Expenditures
For The Fiscal Year Ended June 30, 2006**

Administration	4,736
Operating Expenses	10,539
Depreciation	10,117
Interest Expense	<u>765</u>
 Total	 <u><u>26,157</u></u>



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is used to assist in formatting, for easier reading)

BASIC FINANCIAL STATEMENTS

**HENRIEVILLE TOWN
STATEMENT OF NET ASSETS**

June 30, 2006

	Primary Government		Total
	Governmental Activities	Business-Type Activities	
ASSETS			
Current Assets:			
Cash and Cash Equivalents	105,260	31,756	137,016
Accounts Receivable (Net)	-	7,123	7,123
Due From Other Governmental Units	1,754	-	1,754
Total Current Assets	107,014	38,879	145,893
Noncurrent Assets:			
Restricted Cash and Cash Equivalents	-	45,760	45,760
Capital Assets (Net of Accumulated Depreciation):			
Land	43,820	-	43,820
Buildings	112,119	-	112,119
Improvements Other Than Buildings	-	115,866	115,866
Water System	-	209,348	209,348
Equipment	5,500	700	6,200
Infrastructure	68,250	-	68,250
Construction In Progress	-	598,535	598,535
Total Noncurrent Assets	229,689	970,209	1,199,898
TOTAL ASSETS	336,703	1,009,088	1,345,791
LIABILITIES			
Current Liabilities:			
Lease Obligations Payable - Due Within One Year	4,849	-	4,849
Revenue Bonds Payable - Due Within One Year	-	14,690	14,690
Total Current Liabilities	4,849	14,690	19,539
Noncurrent Liabilities:			
Lease Obligations Payable - More Than One Year	15,535	-	15,535
Revenue Bonds Payable - More Than One Year	-	308,712	308,712
Total Noncurrent Liabilities	15,535	308,712	324,247
TOTAL LIABILITIES	20,384	323,402	343,786
NET ASSETS			
Investment in Capital Assets, Net of Debt	209,305	601,047	810,352
Restricted For:			
Bond Reserves	-	19,900	19,900
Construction	-	25,860	25,860
Class "C" Road	84,984	-	84,984
Unrestricted	22,030	38,879	60,909
TOTAL NET ASSETS	316,319	685,686	1,002,005
TOTAL LIABILITIES AND NET ASSETS	336,703	1,009,088	1,345,791

See accompanying notes and accountant's report.

**HENRIEVILLE TOWN
STATEMENT OF ACTIVITIES**

For The Fiscal Year Ended June 30, 2006

Function/Programs Primary Government:	Program Revenues		Net (Expense) Revenues and Changes in Net Assets	
	Expenses	Charges for Services	Operating Grants/ Contributions	Capital Grants/ Contributions
			Governmental Activities	Business-Type Activities
			Total	Total
Governmental Activities:				
General Government	20,383	4,597	(15,786)	(15,786)
Public Safety	6,958	2,240	(4,718)	(4,718)
Highways and Public Improvements	11,947	8,328	(3,619)	(3,619)
Culture and Recreation	4,092	-	(4,092)	(4,092)
Total Governmental Activities	43,380	4,597	(28,215)	(28,215)
Business-Type Activities:				
Water Fund	26,157	31,030	-	11,873
Total Primary Government	69,537	35,627	(28,215)	(16,342)
General Revenues:				
Property Taxes			3,903	3,903
Fee-In-Lieu of Property Taxes			1,054	1,054
Sales Taxes			12,294	12,294
Unrestricted Investment Earnings			4,225	2,415
Total General Revenues and Transfers			21,476	23,891
Change in Net Assets			(6,739)	7,549
Net Assets - Beginning			323,058	994,456
Net Assets - Ending			316,319	1,002,005

See accompanying notes and accountant's report.

**HENRIEVILLE TOWN
BALANCE SHEET
GOVERNMENTAL FUNDS**

For The Fiscal Year Ended June 30, 2006

	<u>General Fund</u>
ASSETS	
Cash and Cash Equivalents	105,260
Due From Other Governmental Units	<u>1,754</u>
TOTAL ASSETS	<u><u>107,014</u></u>
LIABILITIES AND FUND BALANCES	
Liabilities	<u>-</u>
Fund Balances:	
Reserved For:	
Class C Road	84,984
Unreserved, Reported In:	
General Fund	<u>22,030</u>
Total Fund Balance	<u><u>107,014</u></u>
TOTAL LIABILITIES AND FUND BALANCE	<u><u>107,014</u></u>

See accompanying notes and accountant's report.

HENRIEVILLE TOWN
BALANCE SHEET RECONCILIATION TO STATEMENT OF NET ASSETS

June 30, 2006

Total Fund Balances - Governmental Fund Types 107,014

Amounts reported for governmental activities in the statement of net assets are different because:

Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds:

Land	43,820
Buildings	112,119
Equipment	5,500
Infrastructure	<u>68,250</u>

Total 229,689

Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds:

Lease Purchase Agreement	<u>(20,384)</u>
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Net Assets of Government Activities 316,319

**HENRIEVILLE TOWN
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS**

For The Fiscal Year Ended June 30, 2006

	<u>General Fund</u>
Revenues:	
Taxes	17,251
Intergovernmental Revenue	10,568
Interest	4,225
Miscellaneous Revenues	<u>4,597</u>
Total Revenues	<u>36,641</u>
Expenditures:	
Current:	
General Government	20,383
Public Safety	2,728
Highways and Public Improvements	1,947
Culture and Recreation	4,008
Capital Outlay	20,571
Debt Service	<u>500</u>
Total Expenditures	<u>50,137</u>
Excess Revenues Over (Under) Expenditures	(13,496)
Other Financing Sources (Uses):	
Loan Proceeds	<u>20,800</u>
Net Change In Fund Balance	7,304
Fund Balance - Beginning	<u>99,710</u>
Fund Balance - Ending	<u><u>107,014</u></u>

See accompanying notes and accountant's report.

HENRIEVILLE TOWN
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES

For The Fiscal Year Ended June 30, 2006

Amounts reported for governmental activities in the statement of activities are different because:

Net Changes in Fund Balances - Total Governmental Funds	7,304
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Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount of depreciation in the current period:

Capital Outlay	20,571	
Depreciation	<u>(14,230)</u>	
Total		6,341

The issuance of long-term debt (e.g., bonds, leases) provide current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net assets. This amount is the net effect of these differences in the treatment of long-term debt and related items:

Lease Purchase Agreement Funds	(20,800)	
Principal Payment on Lease Purchase Agreement	<u>416</u>	
Total		<u>(20,384)</u>

Changes In Net Assets of Governmental Activities	<u><u>(6,739)</u></u>
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**HENRIEVILLE TOWN
STATEMENT OF NET ASSETS
PROPRIETARY FUND**

June 30, 2006

	Business-Type Activity <u>Enterprise Fund</u>
	<u>Water Fund</u>
ASSETS:	
Current Assets:	
Cash and Cash Equivalents	31,756
Accounts Receivable	7,123
Total Current Assets	<u>38,879</u>
Noncurrent Assets:	
Investments - Restricted:	
Bond Reserves	19,900
Unexpended Bond and Grant Proceeds	25,860
Capital Assets: (Net of Accumulated Depreciation)	
Improvements Other Than Buildings	115,866
Water Systeem	209,348
Equipment	700
Construction In Progress	598,535
Total Noncurrent Assets	<u>970,209</u>
TOTAL ASSETS	<u><u>1,009,088</u></u>
LIABILITIES:	
Current Liabilities:	
Revenue Bonds Payable - Current Portion	14,690
Noncurrent Liabilities:	
Revenue Bonds Payable - Long-Term Portion	<u>308,712</u>
TOTAL LIABILITIES	<u><u>323,402</u></u>
NET ASSETS:	
Invested in Capital Assets, Net of Related Debt	601,047
Restricted for:	
Bond Reserves	19,900
Construction	25,860
Unrestricted	<u>38,879</u>
TOTAL NET ASSETS	<u>685,686</u>
TOTAL LIABILITIES AND NET ASSETS	<u><u>1,009,088</u></u>

See accompanying notes and accountant's report.

HENRIEVILLE TOWN
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET ASSETS
PROPRIETARY FUND

June 30, 2006

	<u>Business-Type Activity Enterprise Fund</u>	<u>Water Fund</u>
Operating Revenues:		
Charges for Sales and Services:		
Water Fees	31,030	
Total Operating Revenues	<u>31,030</u>	
Operating Expenses:		
Administration	4,736	
Materials and Supplies	10,539	
Depreciation	<u>10,117</u>	
Total Operating Expenses	<u>25,392</u>	
Operating Income	<u>5,638</u>	
Nonoperating Revenues (Expenses):		
Investment Earnings	2,415	
Interest Expense	(765)	
Capital Grants	<u>7,000</u>	
Total Nonoperating Revenues (Expenses)	<u>8,650</u>	
Change in Net Assets	14,288	
Total Net Assets - Beginning	<u>671,398</u>	
Total Net Assets - Ending	<u><u>685,686</u></u>	

See accompanying notes and accountant's report.

**HENRIEVILLE TOWN
STATEMENT OF CASH FLOWS
PROPRIETARY FUND**

June 30, 2006

	<u>Business-Type Activity Enterprise Fund</u>
	<u>Landfill</u>
Cash Flows From Operating Activities:	
Receipts From Customers	26,920
Payments to Suppliers	(13,506)
Payments to Employees	(1,769)
	<hr/>
Net Cash Provided by Operating Activities	11,645
	<hr/>
Cash Flows From Capital and Related Financing Activities:	
Capital Grants Received	7,000
Construction-In-Progress	(12,671)
Principal Paid on Capital Debt	(14,647)
Interest Paid on Capital Debt	(765)
	<hr/>
Net Cash Provided (Used) by Capital and Related Financing Activities	(21,083)
	<hr/>
Cash Flows from Investing Activities:	
Interest Received	2,415
	<hr/>
Net Cash Provided (Used) by Investing Activities	2,415
	<hr/>
Net Increase (Decrease) in Cash and Cash Equivalents	(7,023)
Cash and Cash Equivalents - Beginning	84,539
	<hr/>
Cash and Cash Equivalents - Ending	77,516
	<hr/> <hr/>
Reconciliation of Operating Income to Net Cash Provided (Used) By Operating Activities:	
Operating Income	5,638
Adjustments to Reconcile Operating Income to Net Cash Provided Provided (Used) By Operating Activities:	
Depreciation	10,117
(Increase) Decrease in Operating Assets:	
Accounts Receivable	(4,110)
	<hr/>
Total Adjustments	6,007
	<hr/>
Net Cash Provided (Used) by Operating Activities	11,645
	<hr/> <hr/>

See accompanying notes and accountant's report.

**HENRIEVILLE TOWN
NOTES TO FINANCIAL STATEMENTS**

June 30, 2006

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies of Henrieville Town conform to accounting principles generally accepted in the United States of America as applicable to governments. The following is a summary of the more significant policies:

The accompanying basic financial statements present the financial position of various fund types and the results of operations of the various fund types. The basic financial statements are presented for the year ended June 30, 2006.

The following is a summary of the more significant policies:

A. Reporting Entity

Henrieville Town is a municipal corporation in Garfield County, Utah. It is governed by an elected mayor and four member council. As required by generally accepted accounting principles, these financial statements are of the primary government, Henrieville Town, the reporting entity. The Town has no component units.

B. Government-Wide and Fund Financial Statements

The government-wide financial statements (i.e., statement of net assets and statement of changes in net assets) report information on all of the nonfiduciary activities of the primary government. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include 1) charges to customers or applicants who purchase, use or directly benefit from goods, services or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues.

Separate financial statements are provided for governmental funds, proprietary funds and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds are reported as separate columns in the fund financial statements.

HENRIEVILLE TOWN
NOTES TO FINANCIAL STATEMENTS
Continued

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. Measurement Focus, Basis of Accounting and Financial Statement Presentation

The government-wide financial statements are reported using the economic resources measurement focus and accrual basis of accounting as are the proprietary fund and the fiduciary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, Henrieville Town considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

Property taxes, franchise taxes, licenses and interest associated with the current fiscal period are considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. All other revenues items are considered to be measurable and available only when cash is received by the government.

The government reports the following major governmental funds:

The General Fund is the government's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

The Government reports the following Proprietary Funds:

The Water Fund accounts for the activities of the Town's water operation. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the Water Fund are charges to customers for services. Operating expenses for enterprise funds include the cost of sales and services, administrative expenses and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

Private-sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in both the government-wide and proprietary fund financial statements to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board. Governments also have the option of following subsequent private-sector guidance for their business-type activities and enterprise funds, subject to this same limitation. The government has elected not to follow subsequent private-sector guidance.

HENRIEVILLE TOWN
NOTES TO FINANCIAL STATEMENTS
Continued

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

When both restricted and unrestricted resources are available for use, it is the government's policy to use restricted resources first, then unrestricted resources as they are needed.

D. Assets, Liabilities and Net Assets or Equity

Deposits and Investments:

The government's cash and cash equivalents are considered to be cash on hand, demand deposits and short-term investments with original maturities of three months or less from the date of acquisition.

State statutes authorize the government to invest in obligations of the U. S. Treasury, commercial paper, corporate bonds, repurchase agreements and the State Treasurer's Investment Pool.

Investments for the government, as well as for its component units, are reported at fair value. The State Treasurer's Investment Pool operates in accordance with appropriate state laws and regulations. The reported value of the pool is the same as the fair value of the pool shares.

Capital Assets:

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, bridges, sidewalks and similar items), are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the government as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of two years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at date of donation.

The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized.

Major outlays for capital assets and improvements are capitalized as projects are constructed.

Property, plant and equipment of the primary government is depreciated using the straight line method over the following estimated useful lives:

Buildings	40 Years
Improvements	50 Years
Equipment	10 - 20 Years

Long-Term Obligations:

In the government-wide financial statements long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities statement of net assets.

HENRIEVILLE TOWN
NOTES TO FINANCIAL STATEMENTS
Continued

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

In the fund financial statement, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, if any, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuance are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

Fund Equity:

In the fund financial statements, governmental funds report reservations of fund balance for amounts not available for appropriation or are legally restricted by outside parties for use for a specific purpose. Designation of fund balance represent tentative management plans that are subject to change.

E. Use of Estimates:

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

F. Property Taxes

Property taxes are assessed and collected for the Town by Garfield County and remitted to the Town shortly after collection. Property taxes become a lien on January 1 and are levied on the first Monday in August. Taxes are due and payable on November 1, and are delinquent after November 30. All dates are in the year of levy.

G. Budgets and Budgetary Accounting:

Annual budgets are prepared and adopted by ordinance by total for each department, in accordance with State law, by the Mayor and Town council on or before June 22 for the following Fiscal year beginning July 1. Estimated revenues and appropriations may be increased or decreased by resolution of the Town Council at any time during the year. A public hearing must be held prior to any proposed increase in a fund's appropriations. Budgets include activities in the General Fund. The level of the Town's budgetary control (the level at which the Town's expenditures cannot legally exceed appropriations) is established at the department level. Each department head is responsible for operating within the budget for their department. All annual budgets lapse at fiscal year end.

HENRIEVILLE TOWN
NOTES TO FINANCIAL STATEMENTS
 Continued

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Some Towns find themselves with a deficit fund balance in one or more of their funds. The State Auditor has taken the position that a deficit, created by expenditures being made in excess of those budgeted, is an illegally created debit in violation of the Utah Constitution, Section XIV(3). As such, the total illegally created deficit should be budgeted to be made up in the following fiscal year. Deficits arising from emergencies are not illegal and may be retired over 5 years. Maximum in the general funds may not exceed 75% of the total estimated revenue of the general fund.

Once adopted, the budget may be amended by the Town Board without hearing provided the budgeted expenditures do not exceed budgeted revenues and appropriated fund balance. A public hearing must be held if the budgeted expenditures will exceed budgeted revenues and any fund balance which is available for budgeting. With the consent of the Mayor, department heads may reallocate unexpended appropriated balances from one expenditure account to another within that department during the budget year. Budgets for the General Fund are prepared on the modified accrual basis of accounting. Encumbrances are not used.

NOTE 2 - DEPOSITS AND INVESTMENTS

Henrieville Town maintains a cash investment pool that is available for use by all funds. Each fund type's portion of this pool is displayed on the balance sheet as "Cash and Cash Equivalents".

Deposits:

At year end, the carrying amount of the Town's deposits was \$29,705 and the bank balances were \$30,295. All of the bank balances were covered by federal depository insurance. Utah State statutes do not require deposits to be collateralized, however, financial institutions must be approved by the Money Management Council.

Cash and investments as of June 30, 2006, consist of the following:

	Fair Value
Demand Deposits	29,705
Investments - PTIF	153,071
Total Cash and Investments	182,776

Cash and investments listed above are classified in the accompanying government-wide statement of net assets as follows:

Governmental Activities	105,260
Business-Type Activities - Unrestricted	31,756
Business-Type Activities - Restricted	45,760
Total Cash and Cash Equivalents	182,776

HENRIEVILLE TOWN
NOTES TO FINANCIAL STATEMENTS
Continued

NOTE 2 - DEPOSITS AND INVESTMENTS (CONTINUED)

The Utah Money Management Act (UMMA) established specific requirements regarding deposits of public funds by public treasurers. UMMA requires that Town funds be deposited with a qualified depository which includes any depository institution which has been certified by the Utah State Commissioner of Financial Institutions as having met the requirements specified in UMMA Section 51, Chapter 7. UMMA provides the formula for determining the amount of public funds which a qualified depository may hold in order to minimize risk of loss and also defines capital requirements which an Institution must maintain to be eligible to accept public funds. UMMA lists the criteria for investments and specifies the assets which are eligible to be invest in, and for some investments, the amount of time to maturity.

UMMA enables the State Treasurer to operate the Public Treasurer's Investment Pool (PTIF). PTIF is managed by the Utah State Treasurer's investment staff and comes under the regulatory authority of the Utah Money Management Council. This council is comprised of a select group of financial professionals from units of local and state government and financial institutions doing business in the state. PTIF operations and portfolio composition is monitored at least semi-annually by Utah Money Management Council. PTIF is unrated by any nationally recognized statistical rating organizations.

PTIF operations and portfolio composition is monitored at least semi-annually by Utah Money Management Council. PTIF is unrated by any nationally recognized statistical rating organizations. Deposits in PTIF are not insured or otherwise guaranteed by the State of Utah. Participants share proportionally in any realized gains or losses on investments which are recorded an amortized cost basis. The balance available for withdrawal is based on the accounting records maintained by PTIF. The fair value of the investment pool is approximately equal to the value of the pool shares.

Deposits in PTIF are not insured or otherwise guaranteed by the State of Utah. Participants share proportionally in any realized gains or losses on investments which are recorded an amortized cost basis. The balance available for withdrawal is based on the accounting records maintained by PTIF. The fair value of the investment pool is approximately equal to the value of the pool shares.

Deposits and investments for local government are governed by the Utah Money Management Act (Utah Code Annotated, Title 51, Chapter 7, "the Act") and by rules of the Utah Management Council ("the Council"). Following are discussions of the local government's exposure to various risks related to its cash management activities.

Custodial Credit Risk:

Deposits - Custodial credit risk for deposits is the risk that in the event of a bank failure, the local government's deposits may not be recovered. The local government's policy for managing custodial credit risk is to adhere to the Money Management Act. The Act requires all deposits of the local government to be in a qualified depository, defined as any financial institution whose deposits are insured by an agency of the federal government and which has been certified by the Commissioner of Financial Institutions as meeting the requirements of the Act and adhering to the rules of the Utah Money Management Council. As of June 30, 2006, \$0 of the local government's bank balances of \$30,295 were uninsured and uncollateralized.

HENRIEVILLE TOWN
NOTES TO FINANCIAL STATEMENTS
Continued

NOTE 2 - DEPOSITS AND INVESTMENTS (CONTINUED)

Credit Risk:

Credit risk is the risk that the counterparty of an investment will not fulfill its obligations. The local government's policy for limiting the credit risk of investments is to comply with the Money Management Act.

The local government is authorized to invest in the Utah Public Treasurer's Investment Fund (PTIF), an external pooled investment fund managed by the Utah State Treasurer and subject to the Act and Council requirements. The PTIF is not registered with the SEC as an investment company, and deposits in the PTIF are not insured or otherwise guaranteed by the State of Utah. The PTIF operates and reports to participants on an amortized cost basis. The income, gains and losses, net of administration fees, of the PTIF are allocated based upon the participants' average daily balances.

For the year ended June 30, 2006, the local governments has investments of \$153,071 with the PTIF. The entire balance had a maturity less than one year. The PTIF pool has not been rated.

Interest Rate Risk:

Interest rate risk is the risk that changes in interest rates of debt investments will adversely affect the fair value of an investment. The local government manages its exposure to declines in fair value by investments mainly in the PTIF and by adhering to the Money Management Act. The act requires that the remaining term to maturity of investments may not exceed the period of availability of the funds to be invested.

Concentration of Credit Risk:

Concentration of credit risk the risk of loss attributed to the magnitude of a government's investments in a single issuer. PTIF falls under the constraints of UMMA in limiting concentrations of investments.

NOTE 3 - BOND RESERVES

The 1981 water revenue bonds require a reserve for repairs and maintenance to be maintained. The balance of the reserve for repairs and maintenance at June 30, 2006, is \$14,830.

The 2003 parity water revenue bonds require an emergency reserve of \$14,000 to be established over a period of 72 months beginning on May 1, 2004. The balance of this reserve at June 30, 2006, is \$5,070.

The bond reserves at June 30, 2006, are \$19,900.

HENRIEVILLE TOWN
NOTES TO FINANCIAL STATEMENTS
Continued

NOTE 4 - CAPITAL ASSETS

Capital assets activity for the fiscal year ended June 30, 2006, was as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending Balance</u>
Governmental Activities:				
Capital Assets Not Being Depreciated:				
Land	43,820	-	-	43,820
Total Capital Assets Not Being Depreciated	43,820	-	-	43,820
Capital Assets Being Depreciated:				
Buildings	169,208	20,571	-	189,779
Machinery and Equipment	12,500	-	-	12,500
Infrastructure	195,000	-	-	195,000
Total Capital Assets Being Depreciated	376,708	20,571	-	397,279
Less Accumulated Depreciation For:				
Buildings	73,680	3,980	-	77,660
Machinery and Equipment	6,500	500	-	7,000
Infrastructure	117,000	9,750	-	126,750
Total Accumulated Depreciation	197,180	14,230	-	211,410
Total Capital Assets Being Depreciated (Net)	179,528	6,341	-	185,869
Governmental Activities Capital Assets, Net	223,348	6,341	-	229,689

HENRIEVILLE TOWN
NOTES TO FINANCIAL STATEMENTS
Continued

NOTE 4 - CAPITAL ASSETS CONTINUED)

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending Balance</u>
Business Type Activities:				
Capital Assets Being Depreciated:				
Water System	317,196	-	-	317,196
Buildings and Improvements	183,631	-	-	183,631
Equipment	3,257	-	-	3,257
Construction In Progress	<u>585,864</u>	<u>12,671</u>	-	<u>598,535</u>
 Total Capital Assets Being Depreciated	 <u>1,089,948</u>	 <u>12,671</u>	 -	 <u>1,102,619</u>
 Less Accumulated Depreciation For:				
Water System	101,504	6,344	-	107,848
Buildings and Improvements	64,192	3,573	-	67,765
Equipment	<u>2,357</u>	<u>200</u>	-	<u>2,557</u>
 Total Accumulated Depreciation	 <u>168,053</u>	 <u>10,117</u>	 -	 <u>178,170</u>
 Total Capital Assets Being Depreciated (Net)	 <u>921,895</u>	 <u>2,554</u>	 -	 <u>924,449</u>
 Business Type Activities Capital Assets, Net	 <u>921,895</u>	 <u>2,554</u>	 -	 <u>924,449</u>
 Total Capital Assets	 <u><u>1,145,243</u></u>	 <u><u>8,895</u></u>	 -	 <u><u>1,154,138</u></u>

Depreciation expense was charged to functions of the Primary Government as follows:

	<u>Governmental Activities</u>	<u>Business Type Activities</u>	<u>Total</u>
Public Safety	4,230	-	4,230
Public Health	-	10,117	10,117
Highways and Streets	<u>10,000</u>	-	<u>10,000</u>
 Total Depreciation Expense	 <u><u>14,230</u></u>	 <u><u>10,117</u></u>	 <u><u>24,347</u></u>

HENRIEVILLE TOWN
NOTES TO FINANCIAL STATEMENTS
Continued

NOTE 5 - LONG-TERM DEBT

1981 Water Revenue Bonds Payable:

On March 12, 1981, the Town issued Water Revenue Bonds in the amount of \$41,500 to Farmers Home Administration for the purpose of helping to finance the cost of constructing and installing new Collection, storage and transmission facilities and additions to the water distribution system and in other ways improving the existing water system.

The bond calls for monthly payments by the Town of \$201.00 including interest at 5% over 40 years. The balance at June 30, 2006, was \$14,402.

The following is an amortization of 1981 Water Revenue Bonds to maturity:

	Principal	Interest	Total
2006 - 2007	1,690	724	2,414
2007 - 2008	1,775	639	2,414
2008 - 2009	1,863	551	2,414
2009 - 2010	1,956	458	2,414
2010 - 2011	2,058	356	2,414
2012 - 2016	5,060	253	5,313
Total	14,402	2,981	17,383

Parity Water Revenue Bond, Series 2003:

On September 10, 2003, the Mayor and Town Council of Henrieville Town authorized the issuance of Parity Water Revenue Bonds, Series 2003 in the amount of \$335,000. These bonds will be used for the purpose of paying all or part of the cost of the construction and development of a new well, construction and installation of a storage tank and water transmission lines and replacement of distribution lines, together with all related work and improvements, the acquisition of necessary land and easements and the payment of all related costs and services including engineering, expenses and costs of the issuance of the bonds and the costs to acquire and provide all appurtenant facilities of this project.

The bonds were issued with a 25 year payback with 0% interest and annual payments. The balance at June 30, 2006, was \$309,000.

HENRIEVILLE TOWN
NOTES TO FINANCIAL STATEMENTS
Continued

NOTE 5 - LONG-TERM DEBT (CONTINUED)

The following is an amortization of Parity Water Revenue Bonds, Series 2003, to maturity:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2006 - 2007	13,000	-	13,000
2007 - 2008	13,000	-	13,000
2008 - 2009	13,000	-	13,000
2009 - 2010	13,000	-	13,000
2010 - 2011	13,000	-	13,000
2012 - 2016	65,000	-	65,000
2017 - 2021	67,000	-	67,000
2022 - 2026	70,000	-	70,000
2027 - 2031	42,000	-	42,000
Total	<u>309,000</u>	<u>-</u>	<u>309,000</u>

The following is an amortization of total revenue bonds to maturity:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2006 - 2007	14,690	724	15,414
2007 - 2008	14,775	639	15,414
2008 - 2009	14,863	551	15,414
2009 - 2010	14,956	458	15,414
2010 - 2011	15,058	356	15,414
2012 - 2016	70,060	253	70,313
2017 - 2021	67,000	-	67,000
2022 - 2026	70,000	-	70,000
2027 - 2031	42,000	-	42,000
Total	<u>323,402</u>	<u>2,981</u>	<u>326,383</u>

The following is a schedule of changes in bonds payable:

	<u>Outstanding June 30, 2005</u>	<u>Issued</u>	<u>Matured</u>	<u>Outstanding June 30, 2006</u>
1981 Water Revenue Bond	16,049	-	1,647	14,402
2003 Parity Water Revenue Bond	322,000	-	13,000	309,000
	<u>338,049</u>	<u>-</u>	<u>14,647</u>	<u>323,402</u>

HENRIEVILLE TOWN
NOTES TO FINANCIAL STATEMENTS
Continued

NOTE 5 - LONG-TERM DEBT (CONTINUED)

Lease Purchase Agreement:

On May 3, 2006, Henrieville Town entered into an agreement with Zions First National Bank. The Town obtained the financing to construct a pavilion on Town property. The bank advanced \$20,800 to be repaid in monthly installments of \$477.50 for 48 months with an interest rate of 4.84%. Payments began June 3, 2006, and continue until May 3, 2010.

The following is an amortization of total lease purchase to maturity:

	Principal	Interest	Total
2006 - 2007	4,849	881	5,730
2007 - 2008	5,089	641	5,730
2008 - 2009	5,340	390	5,730
2009 - 2010	5,106	125	5,231
Total	20,384	2,037	22,421

The following is a schedule of changes in lease purchase agreement:

	Outstanding June 30, 2005	Issued	Matured	Outstanding June 30, 2006
Lease Purchase Agreement	-	20,800	416	20,384

NOTE 6 - CLASS C ROADS

The Town receives Class C Road money from the State for road construction and maintenance. The unexpended portion of this money is shown as reserved fund balance in the financial statements.

The following is schedule of receipts and disbursements in the Class "C" Road:

Balance - Beginning of Year	73,600
Receipts:	
State Allotments	8,328
Interest	3,056
Total Receipts	11,384
Disbursements	-
Balance - End of Year	84,984

HENRIEVILLE TOWN
NOTES TO FINANCIAL STATEMENTS
Continued

NOTE 7 - RISK MANAGEMENT

The Town is exposed to various risks of loss related to torts; theft of, damage to, or destruction of assets; errors and omissions; injuries to employees; and natural disasters. The town participates in the Utah Local Governments Trust. The insurance coverage's are written on a group purchase arrangement. All of the insurance coverage is brokered and written through various insurance companies. Utah Local Government Trust acts as the broker.

Liability:

The Town is insured for \$1,000,000 combined single limit with a \$500 deductible per occurrence for Comprehensive General Liability. Bodily injury, personal injury, property damage, public officials errors and omissions coverage \$1,000,000 aggregate each policy period with a \$500 deductible each accident.

Automobile Liability:

The Town is insured for automobile bodily injury for \$1,000,000 combined single limit per accident with a \$500 deductible each accident. Property damage \$1,000,000 aggregate each policy period. The coverage also covers uninsured motorist \$50,000 each accident and \$50,000 each policy period.

Property:

All of the property coverage is brokered and written through United States Fidelity and Guaranty Insurance Company. Buildings and equipment are covered based on replacement costs subject to a \$1,000 deductible.

Workers Compensation:

This coverage is provided through the Workers Compensation Fund of Utah.

The Town has not experienced any significant reduction in insurance coverage from the previous year nor has it paid any settlements in excess of insurance coverage in the past three fiscal years.

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is used to assist in formatting, for easier reading)

**REQUIRED SUPPLEMENTARY
INFORMATION
"UNAUDITED"**

**HENRIEVILLE TOWN
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND**

For The Fiscal Year Ended June 30, 2006

	<u>Budgeted Amounts</u>		Actual Amounts (Budgetary Basis) (See Note A)	Variance With
	<u>Original</u>	<u>Final</u>		Final Budget Positive (Negative)
Revenues:				
Taxes:				
General Property Taxes	4,300	4,300	3,903	(397)
General Sales and Use Taxes	12,000	12,000	12,294	294
Fee-In-Lieu	1,200	1,200	1,054	(146)
Total Taxes	17,500	17,500	17,251	(249)
Intergovernmental Revenue:				
Class C Road	47,000	47,000	8,328	(38,672)
Garfield County Fire Protection	4,100	4,100	2,240	(1,860)
Total Intergovernmental Revenue	51,100	51,100	10,568	(40,532)
Charges for Services:				
Television	10,000	10,000	-	(10,000)
Miscellaneous Revenue:				
Interest	3,500	3,500	4,225	725
Loan Proceeds	-	-	20,800	20,800
Miscellaneous	-	-	4,597	4,597
Total Miscellaneous Revenue	3,500	3,500	29,622	26,122
Total Revenues	82,100	82,100	57,441	(24,659)

**HENRIEVILLE TOWN
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND**

For The Fiscal Year Ended June 30, 2006

	<u>Budgeted Amounts</u>		Actual Amounts (Budgetary Basis) (See Note A)	Variance With Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>		
Expenditures:				
General Government:				
Administration	27,000	27,000	16,770	10,230
Professional Services	<u>7,000</u>	<u>7,000</u>	<u>3,613</u>	<u>3,387</u>
Total General Government	<u>34,000</u>	<u>34,000</u>	<u>20,383</u>	<u>13,617</u>
Public Safety:				
Fire Department	-	-	1,586	(1,586)
Security Lights	<u>1,300</u>	<u>1,300</u>	<u>1,142</u>	<u>158</u>
Total Public Safety	<u>1,300</u>	<u>1,300</u>	<u>2,728</u>	<u>(1,428)</u>
Highway and Public Improvements:				
Repairs and Maintenance	<u>35,000</u>	<u>35,000</u>	<u>1,947</u>	<u>33,053</u>
Culture and Recreation:				
Parks and Recreation	<u>10,000</u>	<u>10,000</u>	<u>4,008</u>	<u>5,992</u>
Capital Outlay	-	-	<u>20,571</u>	<u>(20,571)</u>
Debt Service	-	-	<u>500</u>	<u>(500)</u>
Nondepartmental:				
Budgeted Increase In Fund Balance	<u>1,800</u>	<u>1,800</u>	-	<u>1,800</u>
Total Expenditures	<u>82,100</u>	<u>82,100</u>	<u>50,137</u>	<u>31,963</u>
Excess Revenues Over (Under) Expenditures	-	-	7,304	7,304
Fund Balance - Beginning	<u>99,710</u>	<u>99,710</u>	<u>99,710</u>	-
Fund Balance - Ending	<u><u>99,710</u></u>	<u><u>99,710</u></u>	<u><u>107,014</u></u>	<u><u>7,304</u></u>

**HENRIEVILLE TOWN
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION**

For The Fiscal Year Ended June 30, 2006

Budgetary Comparison Schedules:

The Budgetary Comparison Schedules presented in this section of the report are for the Town's General Fund.

Budgeting and Budgetary Control:

Budgets for the General Fund are legally required and are prepared and adopted on the modified accrual basis of accounting.

Original budgets represent the revenue estimates and spending authority authorized by the Town Board prior to the beginning of the year. Final budgets represent the original budget amounts plus any amendments made to the budget during the year by the Board through formal resolution. Final budgets do not include unexpended balances from the prior year because such balances automatically lapse to unreserved fund balance at the end of each year.